84TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 2357

EXTENDING THE PROGRAMS OF FINANCIAL ASSISTANCE IN THE CONSTRUCTION AND OPERATION OF SCHOOLS IN AREAS AFFECTED BY FEDERAL ACTIVITIES

JUNE 13, 1956.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BARDEN, from the Committee on Education and Labor, submitted the following

REPORT

[To accompany H. R. 11695]

The Committee on Education and Labor, to whom was referred the bill H. R. 11695, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

BACKGROUND OF LEGISLATION

ASSISTANCE FOR SCHOOL CONSTRUCTION

Public Law 815 was enacted in 1950 primarily to deal with the Federal Government's responsibility for aiding school construction in communities that had been burdened with substantial increases in school attendance since June 30, 1939, and up to June 30, 1952, as a result of defense and other Federal activities between those dates. Title II of that law established a formula basis for providing Federal assistance to construct schools in areas which met the qualifying standards.

Public Law 246, approved August 8, 1953, authorized further Federal assistance under a new title III, in meeting school construction needs in localities overburdened by school-membership increases since June 30, 1952, and up to June 30, 1954, which were attributable to new or increased Federal activities. This amendment also authorized school construction assistance under a new title IV principally for school districts in or near areas with large Indian populations, which had enrolled substantial numbers of children residing on Federal tax-exempt land but which could show no substantial increases in school population in recent years.

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Since applications for assistance under Public Law 246 could not be accepted after June 30, 1954, and federally caused impacts continued to occur after that date, the 83d Congress enacted Public Law 731 to extend the provisions of title III. This amendment authorized applications for school construction assistance under that title to be made until June 30, 1956.

A later act (Public Law 382), approved August 12, 1955, among other things amended title IV to extend it to June 30, 1956.

ASSISTANCE FOR SCHOOL MAINTENANCE AND OPERATION

Public Law 874 provides financial assistance for the maintenance and operation of schools in areas affected by Federal activities. This law was originally enacted September 30, 1950, and by its terms expired June 30, 1954.

Public Law 248, approved August 8, 1953, extended the provisions of this law for an additional 2 years—that is, until June 30, 1956—and made various amendments which were indicated as a result of 3 years' experience with the program. Public Law 732, approved August 31, 1954, postponed the effective date of the 3 percent "absorption" requirement (added to the law by Public Law 248) for 1 year and the requirement was postponed an additional year; i. e., to June 30, 1956, by Public Law 382, approved August 12, 1955. Public Law 382 also made other amendments to Public Law 874; among them are extending the law to June 30, 1957, the present expiration date.

It became evident to the committee in hearings conducted in the spring of 1956 that there still are many school districts where the federally caused impact of children that is anticipated from new or enlarged Federal installations, chiefly as a result of the defense effort, will create serious shortages of school facilities in the near future. The President recommended the extension of Public Law 815 in his message of January 12, 1956. H. R. 11695 would extend this law for 2 years and would extend Public Law 874 for an additional year so that the two laws will terminate on the same date, June 30, 1958. In addition, H. R. 11695 would remove the 3 percent "absorption requirement" from Public Law 874 and make several other important amendments to both Public Law 815 and Public Law 874. These amendments are explained below.

TITLE I—AMENDMENTS TO PUBLIC LAW 815

TWO-YEAR EXTENSION OF LAW

The last date for filing applications under titles III and IV of Public Law 815 is June 30, 1956. The bill would change this date to June 30, 1958, and otherwise amend these titles to extend them for 2 additional years.

The committee received testimony from the Department of Health, Education, and Welfare to the effect that the substantial program of military family housing which was enacted by the 1st session of the 84th Congress and which authorizes the construction of some 100,000 military housing units on Federal property will result in continued impacts on federally affected school districts. The committee is informed that 70,000 of these family housing units have thus far been

allocated by the Secretary of Defense and that by September 30, 1956, the Secretary will have committed the entire program of approximately 100,000 units. In addition, there are some 27,000 housing units authorized to be constructed on Federal property from funds appropriated directly to the Department of Defense.

Large allocations of housing units have already been made on several new and reactivated military bases. When these units are completed and occupied, it will be essential to have available school facilities in the adjoining school districts to accommodate the children of the military personnel. It is also evident that increases in Federal activities not involving new housing projects are taking place in many areas of the country which will require the provision of school facilities for the children of federally connected parents.

Title IV of the act has been extremely helpful in providing school facilities for children living on Federal property, mostly Indian children, in isolated areas of the country. The limitation of 3 years in the operation of this title and the limitation of $20 million on the authorization are not sufficient to complete the program in these remote and isolated areas. There are still a substantial number of applications on file in the Office of Education which cannot be approved because of the limitation on the authorization, and testimony presented to the committee indicates that there are still some school districts that will make applications under this title. This program has been of great benefit in providing school housing for thousands of Indian children for which no housing existed, and has also greatly aided the States in their programs of reorganizing school district boundaries to include in organized school districts Federal Indian reservations that formerly were in unorganized territory.

For the reasons given above, the committee feels that the need for extending both titles III and IV of Public Law 815 for 2 additional years is extremely urgent.

FLIGHT TRAINING SCHOOLS UNDER CONTRACT WITH AIR FORCE

The bill would change the definition of Federal property at section 210 (1) of the act so as to include as Federal property any school providing flight training to members of the Air Force under contractual arrangements with that Department, if the training is provided at an airport owned by a State or a political subdivision of that State. The effect of the amendment would be to permit a local educational agency having in its school membership children of persons who live at any such school, or whose parents are employed at any such school, to count them as children of parents residing or working on Federal property in determining eligibility for, and amount of, payments under section 305 (a) (1) or (2) of the act.

Testimony presented to the committee revealed that there are at least eight places in the United States where the Department of the Air Force is now operating so-called flight training schools for air cadets who are receiving pilot training. These schools are located on municipal airports which were once federally owned but which were transferred to the municipalities when their need for military purposes after World War II was completed. The flight training given to air cadets at these schools is provided under a contract made by the Air Force with a private company. Because the property on which these schools have been operated is not Federal property, the children of

the parents employed in these schools are not eligible for consideration under the provisions of subsections 305 (a) (1) and (2) of Public Law 815.

Since these schools are conducted for the Department of the Air Force and since this type of contractual arrangement between the Air Force and a local firm is of decided advantage to the United States financially and otherwise, it is the opinion of the committee that the school districts serving these installations should not be deprived of the benefits of Public Law 815.

NINETY-DAY LIMITATION ON DEFENSE AREA FINDING

Section 305 (a) (3) authorizes payments to needy school districts which experience substantial increases in their school enrollments as a result of increased Federal activities, whether or not involving children whose parents reside or work on tax-exempt Federal property. The present law requires that any such school district be located in an area in which a defense plant is being newly established or substantially expanded, that the activities of such plant require a substantial inmigration of defense workers or military personnel, and that there be a shortage of school facilities for the children of these persons—all as found by the President. The bill amends this provision to require that a finding of failure to meet any one of these three tests be made within 90 days of the filing of an application for such payments, assuming the application is complete and in all other respects complies with applicable regulations; otherwise the determination of eligibility and amount will be made without regard to this provision.

The President by Executive order has designated the Office of Defense Mobilization as responsible for findings in connection with defense contracts, the Department of Labor for findings regarding inmigration of defense personnel, and the Commissioner of Education for the finding of a critical school facilities situation. The Secretary of Health, Education, and Welfare is responsible for the final determination based on the certifications of these three agencies. Information presented indicated that this finding has taken an average of 5 to 6 months to complete under the present arrangements.

In order to expedite these findings and to assure that no school district is penalized by a delay in making the finding, the amendment requires the Presidential finding to be completed within 90 days following the date on which a school district filed application for assistance.

CHILDREN OF MEMBERS OF THE ARMED FORCES ASSIGNED OVERSEAS OR ELSEWHERE

This amendment would change paragraphs (1) and (2) of section 305 (a) of the law so as to permit a local educational agency to continue to count children of members of the Armed Forces "as children residing with parents employed on Federal property" for purposes of these paragraphs, after their parents have ceased to be employed on Federal property in the same State, or within reasonable commuting distance of the school district, by reason of their assignment overseas or elsewhere. Only a child of a parent who commenced residing in or near the school district of the agency while the parent

was on active duty in the Armed Forces could be so counted, and the child could continue to be counted for only so long as his parent continued on active duty with the Armed Forces.

Under the terms of existing law, the children of a serviceman who moves his family with him to his post of duty may be counted as federally connected for purposes of Public Law 815 only so long as the parent remains in the same State or within reasonable commuting distance of the school his children attend. In the event the serviceman is transferred overseas or to a distant base in the United States, and his family remains at his previous location, his children can no longer be counted as federally connected under Public Law 815.

The committee is of the opinion that the Federal obligation does not cease for these children simply because the parent is sent on military orders to a distant base and is unable for a period to take his family with him. Transfer of the parent while the child remains behind does not reduce the cost to the school district nor does it increase the tax income. Thus, the committee felt that this inequity in the present law should be corrected by permitting the school district to continue to count children after the parent has been transferred overseas.

The amendment as proposed provides that school districts shall count these children just as it does all other federally connected pupils —both in the base year and in the 2-year estimate period, whether the number increases or decreases.

COUNTING CHILDREN TRANSFERRED FROM A GOVERNMENT-OWNED SCHOOL TO A SCHOOL TO BE BUILT AND OWNED BY A LOCAL EDUCATIONAL AGENCY

The bill would add a new provision to section 305 (a) of the law to permit a local educational agency to obtain Federal payments to aid in constructing an off base school to house children presently attending a school operated by the local educational agency but owned by the Federal Government. Payments could be made only where the Commissioner of Education finds that the Government-owned school which the children are now attending could more appropriately be used for other school purposes (e. g., where a school now operated as a high school is or will in the near future be needed for elementary school children and it is more advantageous to all the children concerned to devote it to such use) or that the school facility is no longer available for use by the educational agency. In addition the school agency must submit an application under title III of the law to build a school for the children to be transferred. It it meets these conditions, the local educational agency can count all federally connected children to to be transferred to the new school as an increase in its school membership for purposes of determining whether it meets the eligibility conditions generally applicable and of determining the amount of the payment.

This amendment has its basis in a situation presented by the Naval Ordnance Test Station at Inyokern, Calif., known as China Lake. In this case the naval installation is located in a remote desert area far from the center of the Kern County High School District which had incorporated the area for provision of high-school education to the children living on the station. The Navy, prior to the enactment of Public Law 815, had constructed school facilities on base to

accommodate high-school students as well as schools for elementary students. As the base expanded, additional school facilities were added on the base and as families were located outside of the fence surrounding the station, elementary school facilities were also provided outside the installation. Due to provisions of Public Law 815 which require the counting of all available school facilities in determination of unhoused pupils, and which prevent a school district from counting as an increase federally connected pupils transferred from one school it operates to another, the Kern County High School District has been unable to qualify for necessary assistance to provide a new high school which is needed to accommodate students located on and near the station. Additional facilities are also needed for elementary schoolchildren on the base.

The California State Department of Education and the naval authorities both strongly support the use of the present high school on the base for elementary school purposes and the construction of a new high school outside the fence surrounding the test station to accommodate all high-school pupils who live off, as well as all those who live on, the station. In this way the present onbase facility can be most advantageously used, better school facilities can be provided for all children concerned, and the Federal Government can avoid the obligation of constructing additional school facilities on the Federal property.

The amendment would permit the school district to convert the high school facilities now available on the station to use for elementary school purposes. The high school pupils who are thus displaced will be deemed to be without available school facilities and counted as an increase in the high school district's enrollment, thereby enabling the district to qualify for Federal funds toward the erection of a high school on a site to be provided outside the Federal property.

HOUSING PROPERTY AFTER SALE BY UNITED STATES

Another amendment made by the bill to section 305 (a) would provide that, for purposes of determining increases in federally connected children, children who resided on housing property while the property was federally owned shall not be considered federally connected if the property is sold by the United States.

The Federal Government is now disposing of Federal housing projects to local purchasers as rapidly as sales of such units can be arranged. Federal public housing projects are included as Federal property within the provisions of Public Law 815 and thus the children residing in these housing units are part of the Federal impact claimed for purposes of Public Law 815. However, when such units are relinquished by the Federal Government the Federal connection terminates for Public Law 815 purposes and such children are no longer counted as federally connected children. In most cases the housing units continue to house the same number of children as they did before transfer from Federal ownership, and these children remain in the same local public schools. This in effect results in a decrease in the number of federally connected children although not in the total number of children in school. In the event the school district has other Federal activities and makes application on account of an increase in school enrollments resulting from these other Federal activities, this increase is offset by the decrease caused by the transfer of

Federal housing, and as a result such a district frequently cannot meet the percentage increase requirements even though it has a very substantial number of federally connected children newly enrolled in its schools.

The amendment provides that children which were in the Federal housing transferred to private ownership or relinquished to a local jurisdiction shall be removed from the count of federally connected children in the base year from which the increase for eligibility in the increase period is computed. The children so removed shall be counted as nonfederally connected children in both the base year and for the increase period, and cannot be counted as an increase in federally connected children in determining eligibility.

REDUCTION IN PERCENTAGE REQUIREMENT RELATING TO INCREASES IN NON-FEDERALLY CONNECTED CHILDREN

This amendment would amend section 305 (d) of Public Law 815 to reduce, from 10 percent to 7 percent, the percentage increase in nonfederally connected children which a local educational agency must experience to avoid reductions in its Federal payments. Under existing law, if a local educational agency experiences, during the 2-year period ending June 30, 1956, less than a 10 percent increase in nonfederally connected children, the number of federally connected children it can count toward Federal payments will be reduced. Under the amendment a local educational agency would have to have only a 7 percent increase in nonfederally connected children over the 2-year period ending June 30, 1958, in order to avoid a reduction under section 305 (d).

It was the opinion of the committee that the requirement of a 10 percent growth in the 2-year period is higher than it should be in terms of the recent evidence of the national average increase in school enrollments.

ADVANCE APPROVAL AND PAYMENT ON CERTAIN APPLICATIONS

In order to expedite action on applications which involve urgent needs for new schools for increased school enrollments occasioned by new Federal housing projects, the bill authorizes the Commissioner of Education to approve applications for payment purposes in such situations in advance of the cutoff dates established by him for priority purposes under section 303 of the law. The first such cutoff date would normally not occur until December 1956. Advance approval in such cases would be given only if the Commissioner determines that it is likely that the needs of the applicant local educational agency would qualify it for priority if the approval were postponed until the cutoff date.

The main justification for the extension of Public Law 815 at this time is the program of military housing enacted by the 1st session of the 84th Congress. The Department of Defense is proceeding rapidly toward the approval and construction of these housing units on a number of new or reactivated military bases, and the resulting increases in federally connected children will place a heavy impact on the school districts concerned. This impact of additional children often occurs in communities where no adequate school facilities are available and the situation will become extremely critical early in the fall of 1956.

The urgency of these situations caused the committee to recommend an amendment which would assure that applications for schools in these cases would be treated expeditiously without impairing the priority system established by the law.

The bill also makes a corollary amendment to section 304 (a) so as to fix the date the Commissioner takes official action to set a cutoff date, rather than the cutoff date itself, as the date as of which determinations of available school facilities (i. e., those already built or under contract to be built) are to be made under the extended law.

INCREASE IN TITLE IV APPROPRIATION CEILING

This amendment to section 401 (b) of the act would increase the present $20 million appropriation authorization under title IV of the law to $40 million. The present $20 million ceiling has already been reached and the additional $20 million authorization is necessary for financing this title over the next 2 years.

TITLE II—AMENDMENTS TO PUBLIC LAW 874

ONE-YEAR EXTENSION OF LAW

The bill would extend Public Law 874 for 1 year so that it will expire June 30, 1958, instead of June 30, 1957.

The need for extending Public Law 874 for 1 more year arises from the necessity of giving the affected school districts some assurances that Public Law 874 payments would be forthcoming for an additional 2-year period. They need this assurance in order to budget soundly for their 1957–58 school years in order to avoid the needless and wasteful disruption that the lack of sound budget practices would have on the school district.

ELIMINATION OF THE "ABSORPTION REQUIREMENT"

Various amendments made by the bill to section 3 of the law would have the result of extending until June 30, 1958, the provisions of Public Law 732, 83d Congress, which (as extended by Public Law 382, 84th Cong.) postponed the so-called absorption requirement until July 1, 1956. However, instead of merely extending Public Law 732 for an additional 2 years the same effect is achieved by substituting for the absorption requirement the pertinent provisions of section 3 of the law as they read before the absorption requirement was enacted.

Under section 3 of Public Law 874, as originally passed, payments were made on the basis of the number of children who reside on Federal property with a parent employed on Federal property (the A children), and the number of children who reside on Federal property or reside on non-Federal property with a parent employed on Federal property (the B children), if the number of such children in either category met the 3 percent eligibility requirement. Large cities, those with 35,000 or more children in average daily attendance in 1939, had a 6 percent instead of a 3 percent eligibility requirement to meet. Each eligible school district was paid the local share of the per pupil cost of school maintenance and operation (the local contribution rate) for each A child and one-half of this amount for each B child attending its schools. Under this provision a school district meeting the eligibility require-

ment got paid for all its federally connected children while a school district that did not quite reach the eligibility requirement received no Federal payment.

Under the amendments made by Public Law 248, 83d Congress, payments were to be computed differently, with the number of A children being added to one-half the number of B children; if this totaled 10 or more, the school district would be entitled to the local contribution rate multiplied by the total so obtained, minus 3 percent of the total number of nonfederally connected children attending its schools (the so-called 3 percent absorption requirement).

This change would have resulted in elimination of payments under Public Law 874 to several hundred school districts and substantially reduced payments to a number of other districts. This change was not scheduled to go into effect in the 1953–54 school year when Public Law 248 was passed because it was felt that the school districts should have a year in which to make the adjustments necessitated by this 3 percent absorption requirement.

This absorption provision has never been put into effect. Because of the reduction of payments to so many school districts with substantial numbers of federally connected children, the Congress has deferred it each year since its original passage in August 1953. However, it is now scheduled to go into effect for the 1956–57 school year. The amendment would eliminate the 3 percent absorption provision from the bill entirely and return to the eligibility provisions provided in the original law.

SHIFT TO CURRENT YEAR ATTENDANCE BASIS

The bill would provide for the determination of payments under section 3 for the next 2 fiscal years on the basis of a count of the children in average daily attendance during the year for which the payment is to be made, rather than (as under existing law) on the basis of a count of these children in average daily attendance during the year preceding the payment year. Thus, section 3 payments for the fiscal year beginning July 1, 1956, will be based on the number of children in average daily attendance during that fiscal year, and similarly payments for the fiscal year beginning July 1, 1957, will be based on that year's attendance. The principal effect of this amendment is to permit local educational agencies to claim section 3 payments immediately for increased numbers of federally connected children newly attending their schools, instead of claiming payments on such children under section 4 (a) where they have to meet a higher eligibility condition and must prove actual need for Federal assistance.

Evidence presented to the subcommittee indicated that the benefits that resulted from considering eligibility and making payments on the preceding year's average daily attendance were more than offset by the hardship created for a number of school districts having substantial increases in school enrollments of federally connected children.

Since this change represents a reestablishment of the system of payments under the law as originally, enacted and in effect during the fiscal years 1951, 1952, and 1953, other amendments are made to restore various corollary provisions which were in the original section 3 of the law and which were dropped in fiscal year 1954 when payments were shifted to a preceding year basis. These include (*a*) a

provision authorizing payments in cases where anticipated school enrollments of federally connected children for a year fail to materialize and occasion loss on the part of the school district, and (*b*) a provision that children for whom a local educational agency could receive payment under section 3 in a year may not be counted under section 4.

Also, in order to expedite and facilitate payments, there has been added to section 3 (c) a provision, comparable to that already in section 4 (a) of the law, authorizing the Commissioner of Education to make section 3 payments on the basis of his estimates as to whether an agency will meet the percentage eligibility requirements; the amount of payments (as distinct from the determinations of eligibility) will continue to be subject to adjustment on the basis of the actual number of children in average daily attendance during the year in question.

CHILDREN OF MEMBERS OF THE ARMED FORCES ASSIGNED OVERSEAS OR ELSEWHERE

This amendment is the counterpart of the amendment to Public Law 815 described above. Under Public Law 874, children residing on Federal property with a parent on active duty in the "uniformed services" are counted under section 3 (a) for payment purposes whether or not their parent is stationed on Federal property in the same State or within reasonable commuting distance of the school district. The amendment would add a similar provision to section 3 (b) as respects counting of children residing with a parent employed on Federal property. However, as in the case of the corresponding amendment to Public Law 815, such children would not be counted unless their parent's residence in the community commenced when he was assigned to employment on Federal property in or near the applicant school district, and the parent continues on active duty with the Armed Forces while assigned overseas or elsewhere away from the school district.

BASING SECTION 3 PAYMENTS ON NATIONAL AVERAGE PER PUPIL LOCAL CONTRIBUTION RATE

The bill would set a new minimum local contribution rate—in addition to that already in the law of one-half the average per pupil expenditure in the State—which would be based on the average per pupil local contribution rate in the continental United States but not to exceed in the case of any school district the average per pupil expenditure in the State in which the school district is located. The net effect of this amendment is to provide for any local educational agency a local contribution rate (on which sec. 3 payments are based) which is the highest of the following three: (*a*) The local contribution rate in comparable school districts in the same State, (*b*) one-half the average per pupil expenditure in the State (counting expenditures from whatever source), or (*c*) the national average per pupil local contribution rate but not to exceed the average per pupil expenditure in the State.

Public Law 874 had as its basic principle the concept that the Federal Government would compensate a local school district for the burden imposed on it by the Federal Government and would pay

its just share of the school maintenance and operation costs borne from local taxation. To carry out this principle, the law provided that the amount of the payment to any local school agency for children who lived on Federal property, or with a parent employed on Federal property, or both, would be determined by reference to the rate of expenditure for school purposes from local tax revenues in comparable communities in the State. This concept is sound. However, in those States where the State has adopted a plan financed by State revenues of equalizing educational opportunities throughout the State, it has resulted in a disproportionately low per pupil payment, as compared with other States.

In recent years the financing of the school systems in many States has moved more and more in the direction of an increase in the proportion of the cost borne by the State and a corresponding decrease in the proportion borne by the locality. Not only does this tend to assure a certain level of education in the various districts in the State, but also enlarges the sources from which revenue may be derived for school purposes. This trend, which is quite prevalent in the South, the Southwest, and the West, has usually been coupled with a determined effort to raise the level of education provided for all children in the State.

In addition, where the local contribution rate is very low, the school district is usually unable to meet the additional costs connected with the provision of education for an additional impact of children to whom section 3 of the law applies. The children in this class are more likely to move into or out of school districts in the middle of a school year, they are more apt to need special attention and instruction to fit them into a school program which may differ in important respects from the program in the school which they previously attended, and in addition the school district is unable to forecast before any fiscal year with reasonable certainty the number of children in this class who will be coming into or moving out of the district. Where the local contribution rate is reasonably high, the local school agency has been more successful in taking care of these added costs. However, where the local contribution rate is low, the children in the school district, both federally connected and nonfederally connected, have been penalized in many cases by a level of education which is less than that of comparable communities in the State.

For these reasons Public Law 248 contained a provision establishing a floor to be used as the minimum rate per child in the computation of the Federal payment. Under this provision, the local contribution rate for any school agency in any of the 48 States could not be less than 50 percent of the average per pupil expenditures from all sources made by all school districts in the State. The primary effect of this provision was felt in approximately 15 States.

Not all federally affected districts in these 15 States benefited by this amendment because some of them were receiving a rate under the comparable district provision which was higher than one-half the statewide average per pupil expenditure. In addition, there were States other than the 15 States in which, for certain school districts, the comparable district formula resulted in a rate less than the rate to which they were entitled by reason of this amendment placing a floor on the local contribution rate.

The inclusion of this provision that no local educational agency is required to receive a local contribution rate less than one-half of the State per capita expenditures for educational purposes has been of great benefit to the federally affected communities in those States where a substantial proportion of the educational costs each year are borne from State funds. It has served to increase the amounts paid for each federally connected child in the States where the local contribution rate was only a fraction of the total cost of education while at the same time there has been no reduction in the amount paid per child in States where other financing systems are in effect. However, there still is a very large gap between the amounts received for each federally connected child in States with high State aid systems and the amounts received in those States with very little State aid.

Under this law, notwithstanding the minimum rate provision included by Public Law 248, there are 7 States that receive less than $90 for each child in the A category while on the other end of the scale there are 11 States where the average payment is more than $200 per child for each federally connected child in the A category. The committee feels that, notwithstanding the fact that the Federal payments under section 3 are based on a loss of local tax revenue because of federally owned property there is too great a disparity between the lower amounts paid in the high-State-aid States and the substantially higher amounts paid in the low-State-aid States. When a State inaugurates what is considered to be a good system of equalization of educational programs in its local school districts and strengthens the entire educational services through larger State appropriations, it usually results in a lower payment per child under Public Law 874. Conversely, when a State leaves a large share of the financing of the educational program to local taxation, its federally affected school districts receive a very substantial part of the entire cost of educating each federally connected child from Federal payments.

The committee believes that the provision as it has operated in the past discriminates against high-State-aid States. Therefore, the proposed bill includes a new provision to reduce the disparity between these and other States. This amendment does not alter the present method of computing the amount paid each school district (the cost from local sources in comparable school district or the minimum rate of not less than 50 percent of the average per pupil expenditure in the State) but adds a new minimum rate which any school district is entitled to receive of not less than the national average per pupil contribution rate paid under the act the second preceding year from the one for which the computation is being made. This new provision also includes a limitation that no school district can receive a local contribution rate based on the new minimum which is higher than the average per pupil expenditure in the State for the second preceding year.

On page 14 there is a table showing estimated increase resulting from this amendment.

HOUSING PROPERTY AFTER ITS SALE BY THE FEDERAL GOVERNMENT

This amendment, similar to that noted above as made to Public Law 815, would amend the definition of Federal property at section 9 (1) of Public Law 874 to provide that for 1 year following the sale of any housing property by the United States the property will continue to be considered Federal property for purposes of the act, provided it was so considered under Public Law 874 prior to the sale.

Under the act at the present time a school district may count children living on Federal property so long as that property is owned or leased by the Federal Government. As soon as the Federal Government sells property to a private owner or relinquishes it to a local governmental unit the children who live on or whose parents are employed on that property can no longer be counted for payments under section 3 of Public Law 874.

For the past several years the Federal Government has been disposing of the thousands of war housing units constructed for defense purposes during World War II. Testimony presented to the subcommittee showed that in some cases this property did not get onto the tax rolls for 12 months or longer after sale to a private individual. Thus, the school district not only was deprived of the normal tax revenue on such property for an additional year but at the same time could not count the children living on that property for benefits under Public Law 874. Accordingly, the committee proposes, for purposes of payments pursuant to the amended law, that any housing property which is considered Federal property for purposes of the act be continued as Federal property for 1 year from date of sale to a private owner. This 12-month period should give sufficient time in most cases for the local taxing authorities to get the property on the tax rolls and collect taxes from it by the time the children will be excluded from the benefits of the act.

Estimated increase in sec. 3 local contribution rate and entitlement resulting from using national average rate as a new minimum rate (not to exceed State average per capita cost)

[Based on fiscal year 1955 data as of annual report]

State	Actual payments, fiscal year 1955			Estimated effect of new minimum rate			
	Funds received	Average daily attendance [1]	Average local contribution rate	Revised entitlement, new minimum rate	Revised average local contribution rate	State average per capita cost [2]	Percent increase in rate
Total	$68,220,807	470,639	$145.00	$76,973,641	$164.00	----------	13.0
Alabama	885,857	13,609	65.09	1,765,359	129.72	$129.72	99.3
Arizona	600,130	3,703	162.07	635,918	171.73	256.69	6.0
Arkansas	442,644	5,285	83.75	676,866	128.07	136.30	52.9
California	14,804,088	90,696	263.23	15,012,290	165.52	285.42	1.4
Colorado	1,618,308	7,760	208.54	1,620,727	208.86	262.49	.2
Connecticut	1,475,903	6,506	226.85	1,475,903	226.85	289.42	0
Delaware	19,415	118	164.53	19,415	164.53	329.07	0
Florida	1,405,466	13,608	103.28	2,013,910	147.99	201.56	43.3
Georgia	1,349,776	15,740	85.75	2,329,520	148.00	166.02	72.6
Idaho	317,848	2,272	139.90	352,073	154.96	207.52	10.8
Illinois	1,604,006	6,501	246.73	1,604,006	246.73	297.06	0
Indiana	892,542	6,870	129.92	1,067,892	155.44	250.49	19.6
Iowa	318,383	1,462	217.77	318,383	217.77	269.35	0
Kansas	2,913,277	15,862	183.66	2,913,277	183.66	273.96	0
Kentucky	879,186	7,629	115.24	1,022,600	134.04	145.25	16.3
Louisiana	437,817	3,841	113.99	568,394	147.98	228.00	29.8
Maine	552,740	3,494	158.20	570,483	163.28	179.10	3.2
Maryland	2,978,669	24,109	123.55	3,568,132	148.00	238.14	19.8
Massachusetts	1,001,066	4,536	220.69	1,003,398	221.21	253.17	.2
Michigan	713,011	4,942	144.28	780,974	158.03	259.83	9.5
Minnesota	123,375	845	146.01	125,506	148.53	290.40	1.7
Mississippi	418,099	4,178	100.07	442,397	105.89	100.81	5.8
Missouri	720,830	4,897	147.20	772,347	157.72	223.47	7.1
Montana	256,210	1,558	164.45	256,210	164.45	314.43	0
Nebraska	890,149	3,780	235.49	890,149	235.49	245.31	0
Nevada	546,127	3,424	159.50	571,998	167.06	253.18	4.7
New Hampshire	370,789	1,505	246.37	370,789	246.37	240.55	0
New Jersey	1,090,377	5,532	197.10	1,090,377	197.10	296.06	0
New Mexico	1,032,938	8,119	127.22	1,201,612	148.00	255.07	16.3
New York	1,537,478	7,382	208.27	1,537,478	208.27	353.93	0
North Carolina	500,787	5,418	92.43	801,864	148.00	184.86	60.1
North Dakota	176,475	911	193.72	176,475	193.72	253.08	0
Ohio	2,809,841	17,351	161.94	2,970,346	171.19	251.78	5.7
Oklahoma	2,501,145	15,041	166.29	2,633,883	175.11	215.00	5.3
Oregon	446,945	2,256	198.11	446,945	198.11	307.06	0
Pennsylvania	1,315,375	8,666	151.79	1,416,032	163.40	260.52	7.6
Rhode Island	645,247	2,839	227.28	645,247	227.28	266.09	0
South Carolina	858,436	11,910	72.08	1,695,406	142.35	144.16	97.5
South Dakota	571,285	2,872	198.92	571,345	198.92	261.28	0
Tennessee	850,780	10,656	79.84	1,380,177	129.52	140.56	62.2
Texas	4,119,510	35,742	115.26	5,289,742	147.99	223.91	28.4
Utah	783,913	7,525	104.57	1,113,626	147.99	209.15	41.5
Vermont	55,380	252	219.76	55,380	219.76	209.22	0
Virginia	6,691,055	43,542	153.67	7,155,687	164.34	170.98	6.9
Washington	3,103,507	22,406	138.51	3,330,925	148.66	275.42	7.3
West Virginia	44,786	442	101.33	65,342	147.83	180.18	45.9
Wisconsin	421,135	1,703	247.29	421,135	247.29	277.87	0
Wyoming	225,701	1,344	167.93	225,701	167.93	321.19	0

[1] Sec. 3 (a) pupils plus ½ sec. 3 (b).
[2] Ceiling limitation on new minimum rate.

FLIGHT TRAINING SCHOOLS UNDER CONTRACT WITH THE AIR FORCE AS FEDERAL PROPERTY

This amendment corresponds to that made in the definition of Federal property for purposes of Public Law 815. Such schools would also be considered as Federal property under Public Law 874.

EFFECTIVE DATE

All amendments to Public Laws 815 and 874 would become effective July 1, 1956.

COSTS OF THE PROPOSED AMENDMENTS

It is estimated that a simple extension of Public Law 815 without amendment would cost $140 million for the 2-year period, of which $20 million is for title IV and the remaining $120 million is for title III. The cost of the other amendments is estimated to be $6 million, making the total cost for the 2-year period $146 million.

The annual cost of Public Law 874 for fiscal year 1957 and 1958, without the other amendments made by the bill, is estimated at $79 million and $85 million, respectively. The estimated cost of the additional amendments to the bill is $34 million for each year. Thus the total estimated cost of Public Law 874 is $113 million for fiscal 1957 and $119 million for fiscal 1958, of which approximately $22 million per year is accounted for by the elimination of the 3 percent absorption provision.

Changes in Existing Law

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

PUBLIC LAW 815, EIGHTY-FIRST CONGRESS

AN ACT Relating to the construction of school facilities in areas affected by Federal activities, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—SURVEYS AND STATE PLANS FOR SCHOOL CONSTRUCTION

* * * * * * *

TITLE II—SCHOOL CONSTRUCTION IN FEDERALLY-AFFECTED AREAS

* * * * * * *

USE OF OTHER FEDERAL AGENCIES; TRANSFER AND AVAILABILITY OF APPROPRIATIONS

SEC. 209. (a) * * *

* * * * * * *

(e) No appropriation to any department or agency of the United States, other than an appropriation to carry out this Act, shall be available during the period beginning July 1, 1951, and ending June 30, [1957] *1959*, for the same purpose as this Act; except that nothing in this subsection or in subsection (d) of this section shall affect the availability during such period of appropriations authorized, prior to the date of enactment of this Act, for the construction of school facilities to be attended by Indian children or appropriations (1) for the construction of school facilities on Federal property under the control of the Atomic Energy Commission, (2) for the construction

of school facilities which are to be federally operated for Indian children, or (3) for the construction of school facilities under the Alaska Public Works Act, approved August 24, 1949.

DEFINITIONS

SEC. 210. For the purposes of this Act—

(1) The term "Federal property" means real property which is owned by the United States or is leased by the United States, and which is not subject to taxation by any State or any political subdivision of a State or by the District of Columbia. Such term includes real property which is owned by the United States and leased therefrom and the improvements thereon, even though the lessee's interest, or any improvements on such property, is subject to taxation by a State or a political subdivision of a State or by the District of Columbia. Such term also includes (*A*) real property held in trust by the United States for individual Indians or Indian tribes, and real property held by individual Indians or Indian tribes which is subject to restrictions on alienation imposed by the United States, *and* (*B*) *any school which is providing flight training to members of the Air Force under contractual arrangements with the Department of the Air Force at an airport which is owned by a State or a political subdivision of a State.* Notwithstanding the foregoing provisions of this paragraph, such term does not include (A) any real property used by the United States primarily for the provision of services to the local area in which such property is situated, (B) any real property used for a labor supply center, labor home, or labor camp for migratory farm workers, or (C) any low-rent housing project held under title II of the National Industrial Recovery Act, the Emergency Relief Appropriation Act of 1935, the United States Housing Act of 1937, the Act of June 28, 1940 (Public Law 671 of the Seventy-sixth Congress), or any law amendatory of or supplementary to any of such Acts.

* * * * * * *

TITLE III—SCHOOL CONSTRUCTION ASSISTANCE IN AREAS WITH SUBSTANTIAL INCREASES IN FEDERALLY-CONNECTED SCHOOL CHILDREN

PURPOSE AND APPROPRIATION

SEC. 301. The purpose of this title is to provide assistance for the construction of urgently needed minimum school facilities in school districts which, since the school year 1951–1952, have had substantial increases in school membership as a result of new or increased Federal activities. There are hereby authorized to be appropriated for the fiscal year ending June 30, 1954, and for the [three] *five* succeeding fiscal years, such sums as the Congress may determine to be necessary for such purpose.

* * * * * * *

ESTABLISHMENT OF PRIORITIES

SEC. 303. The Commissioner shall from time to time set dates, the last of which shall be not later than June 30, [1956] *1958*, by which

applications for payments under this title with respect to construction projects must be filed. If the funds appropriated under this title and remaining available on any such date for payment to local educational agencies are less than the Federal share of the cost of the projects with respect to which applications have been filed prior to such date (and for which funds under this title have not already been obligated), the Commissioner shall by regulation prescribe an order of priority, based on relative urgency of need, for approval of such applications. Only applications meeting the conditions for approval under this title (other than section 306 (b) (3)) shall be considered applications for purposes of the preceding sentence.

FEDERAL SHARE FOR ANY PROJECT

SEC. 304. (a) Subject to section 305 (which imposes limitations on the total of the payments which may be made to any local educational agency), the Federal share of the cost of a project under this title shall be equal to such cost, but in no case to exceed the cost, in the school district of the applicant, of constructing minimum school facilities, and in no case to exceed the cost in such district of constructing minimum school facilities for the estimated number of children who will be in membership of the schools of such agency at the close of the regular school year [1955–1956] *1957–1958* and who will otherwise be without such facilities at such time. For the purposes of the preceding sentence, the number of such children who will otherwise be without such facilities at such time shall be determined by reference to those facilities which [(A) are built or under contract as of the earliest date set by the Commissioner under section 303 on or before which the application for such project is filed, or] (*A*) *are built or under contract as of the date on which the Commissioner set, under section 303, the earliest date on or before which the application for such project is filed, or* (B) as of the date the application for such project is approved, are included in a project for which funds have been set aside under title II or in a project the application for which has been approved under this title.

LIMITATION ON TOTAL PAYMENTS TO ANY LOCAL EDUCATIONAL AGENCY

SEC. 305. (a) Subject to the limitations in subsections (c) and (d), the total of the payments to a local educational agency under this title may not exceed the sum of the following:

(1) The estimated increase, since the regular school year [1953–1954] *1955–1956*, in the number of children residing on Federal property with a parent employed on Federal property (situated in whole or in part in the same State as the school district of such agency or within reasonable commuting distance from such school district), multiplied by 95 per centum of the average per pupil cost of constructing minimum school facilities in the State in which the school district of such agency is situated; and

(2) The estimated increase, since the regular school year [1953–1954] *1955–1956*, in the number of children residing on Federal property, or residing with a parent employed on Federal property (situated in whole or in part in the same State as the school district of such agency or within reasonable commuting

distance from such school district), multiplied by 50 per centum of the average per pupil cost of constructing minimum school facilities in the State in which the school district of such agency is situated. *A child of a parent who commenced residing in or near the school district of such an agency while assigned to employment, as a member of the Armed Forces on active duty, on Federal property (situated in whole or in part in the same State as the school district of such agency or within reasonable commuting distance from such school district) and who was subsequently assigned elsewhere on active duty as a member of the Armed Forces, shall continue to be considered as residing with a parent employed on such Federal property, for purposes of this paragraph and paragraph (1) of this subsection, for so long as the parent is so assigned;* and

(3) The estimated increase, since the regular school year [1953–1954] *1955–1956*, in the number of children whose membership results directly from activities of the United States (carried on either directly or through a contractor), multiplied by 45 per centum of the average per pupil cost of constructing minimum school facilities in the State in which the school district of such agency is situated; but this paragraph (3) shall not apply [unless the school district of such agency is partly or wholly situated within an area with respect to which, for the purposes of this Act, the President finds: (A) that a new defense plant or installation has been or is to be provided therein, or an existing defense plant or installation therein has been or is to be reactivated or its operation substantially expanded, and (B) that substantial in-migration of defense workers or military personnel is required to carry out activities at such plant or installation, and (C) after consultation with the Commissioner, that the minimum school facilities required for the free public education of the children of such defense workers or military personnel are not available] *if, within ninety days following the filing by such agency of an application in accordance with regulations prescribed under section 306 (a), the President finds (A) that no portion of the school district is in an area in which a defense plant or installation has been or is to be provided, or an existing defense plant or installation has been or is to be reactivated or its operation substantially expanded, or (B) that no substantial in-migration of defense workers or military personnel is required to carry out activities at any such plant or installation, or (C) after consultation with the Commissioner, that the minimum school facilities required for the free public education of the children of such defense workers or military personnel are available.* For purposes of this paragraph, the Commissioner shall not consider as activities of the United States those activities which are carried on in connection with real property excluded from the definition of Federal property by the last sentence of paragraph (1) of section 210, but shall (if the local educational agency so elects pursuant to subsection (b)) consider as children whose membership results directly from activities of the United States children residing on Federal property or residing with a parent employed on Federal property.

In computing for any local educational agency the number of children in an increase under paragraph (1), (2), or (3), the estimated number

of children described in such paragraph who will be in the membership of the schools of such agency at the close of the regular school year [1955–1956] *1957–1958* shall be compared with the estimated number of such children in the average daily membership of the schools of such agency during the regular school year [1953–1954] *1955–1956*: "*Provided, That if the Commissioner finds, with respect to a number of such children who during the regular school year 1955–1956 attended school facilities owned by the Federal Government and used by such agency, (A) that such school facilities used for such children can be more appropriately used for different school purposes or are no longer available for school purposes, and (B) that such agency will submit with its application under this title a project to provide school facilities for such children, such children shall be counted as an increase under paragraph (1) or (2) of this subsection as the case may be, and shall be deemed to be without school facilities at the close of the regular school year 1957–1958 for purposes of section 304 (a).*

(b) If two or more of the paragraphs of subsection (a) apply to a child, the local educational agency shall elect which of such paragraphs shall apply to such child.

(c) A local educational agency shall not be eligible to have any amount included in its maximum by reason of paragraph (1), (2), or (3) of subsection (a) unless the increase in children referred to in such paragraph, prior to the application of the limitation in subsection (d), is at least 20 and is equal to at least 5 per centum in the case of paragraph (1) or (2), and 10 per centum in the case of paragraph (3), of the number of all children who were in the average daily membership of the schools of such agency during the regular school year [1953–1954] *1955–1956*, and unless, in the case of paragraph (3), the construction of additional minimum school facilities for the number of children in such increase will, in the judgment of the Commissioner of Education, impose an undue financial burden on the taxing and borrowing authority of such agency: *Provided, That children residing on any housing property which, prior to sale by the United States, was considered to be Federal property for the purposes of this Act, shall not be considered as having been federally connected in determining the eligibility of the local educational agency under this subsection.*

(d) If (1) the estimated number of non-federally-connected children who will be in the membership of the schools of a local educational agency at the close of the regular school year [1955–1956] *1957–1958* is less than (2) [110] *107* per centum of the number of such children who were in the average daily membership of such agency during the regular school year [1953–1954] *1955–1956*, the total number of children counted for purposes of subsection (a) with respect to such agency shall be reduced by the difference between (1) and (2) hereof. For purposes of this subsection, all children in the membership of a local educational agency shall be counted as non-federally-connected children except children whose membership in the school years [1953–1954 and] 1955–1956 *and 1957–1958* was compared in computing an increase which meets the requirements of subsection (c).

* * * * * * *

APPLICATIONS

SEC. 306. (a) No payment may be made to any local educational agency under this title except upon application therefor which is

submitted through the appropriate State educational agency and is filed with the Commissioner in accordance with regulations prescribed by him.

(b) The Commissioner shall approve any application if he finds (1) that the requirements of section 205 (b) (1) have been met and that approval of the project would not result in payments in excess of those permitted by sections 304 and 305, (2) after consultation with the State and local educational agencies, that the project is not inconsistent with over-all State plans for the construction of school facilities, and (3) that there are sufficient Federal funds available to pay the Federal share of the cost of such project and of all other projects for which Federal funds have not already been obligated and applications for which, under section 303, have a higher priority: *Provided, That the Commissioner may approve any application for payments under this title at any time after it is filed and before any priority is established with respect thereto under section 303 if he determines that—*

(1) on the basis of information in his possession, it is likely that the urgency of the need of the local educational agency is such that it would have a priority under section 303 which would qualify it for payments under this title when such priorities are established, and

(2) the number of children in the increase under section 305 (a) is in large measure attributable to children who reside or will reside in housing newly constructed on Federal property.

* * * * * * *

CHILDREN FOR WHOM LOCAL AGENCIES ARE UNABLE TO PROVIDE EDUCATION

SEC. 310. In the case of children who, it is estimated, will reside on Federal property on June 30, [1956] *1958*—

(1) if no tax revenues of the State or any political subdivision thereof may be expended for the free public education of such children; or

(2) if it is the judgment of the Commissioner, after he has consulted with the appropriate State educational agency, that no local educational agency is able to provide suitable free public education for such children,

the Commissioner shall make arrangements for constructing or otherwise providing the minimum school facilities necessary for the education of such children. To the maximum extent practicable school facilities provided under this section shall be comparable to minimum school facilities provided for children in comparable communities in the State. This section shall not apply (A) to children who reside on Federal property under the control of the Atomic Energy Commission, and (B) to Indian children attending federally operated Indian schools. Whenever it will be necessary for the Commissioner to provide school facilities for children residing on Federal property under this section, the membership of such children may not be included in computing under section 305 the maximum on the total of the payments for any local educational agency.

* * * * * * *

TITLE IV—SCHOOL CONSTRUCTION ASSISTANCE IN OTHER FEDERALLY-AFFECTED AREAS

SEC. 401. (a) * * *

* * * * * * *

(b) There are hereby authorized to be appropriated for the fiscal year ending June 30, 1954, and the [two] *four* succeeding fiscal years such sums, not to exceed [$20,000,000] *$40,000,000* in the aggregate, as may be necessary to carry out the provisions of this section. There are also authorized to be appropriated such sums as may be necessary for administration of such provisions. Amounts so appropriated, other than amounts appropriated for administration, shall remain available until expended, except that after June 30, [1956] *1958*, no agreement may be made to extend assistance under this section.

PUBLIC LAW 874, EIGHTY-FIRST CONGRESS

AN ACT To provide financial assistance for local educational agencies in areas affected by Federal activities, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DECLARATION OF POLICY

SECTION 1. * * *

* * * * * * *

FEDERAL ACQUISITION OF REAL PROPERTY

SEC. 2. (a) Where the Commissioner, after consultation with any local educational agency and with the appropriate State educational agency, determines for the fiscal year beginning July 1, 1950, or for any of the [six] *seven* succeeding fiscal years—

(1) that the United States owns Federal property in the school district of such local educational agency, and that such property (A) has been acquired by the United States since 1938, (B) was not acquired by exchange for other Federal property in the school district which the United States owned before 1939, and (C) had an assessed value (determined as of the time or times when so acquired) aggregating 10 per centum or more of the assessed value of all real property in the school district (similarly determined as of the time or times when such Federal property was so acquired); and

(2) that such acquisition has placed a substantial and continuing financial burden on such agency; and

(3) that such agency is not being substantially compensated for the loss in revenue resulting from such acquisition by (A) other Federal payments with respect to the property so acquired, or (B) increases in revenue accruing to the agency from the carrying on of Federal activities with respect to the property so acquired.

then the local educational agency shall be entitled to receive for such fiscal year such amount as, in the judgment of the Commissioner, is

equal to the continuing Federal responsibility for the additional financial burden with respect to current expenditures placed on such agency by such acquisition of property, to the extent such agency is not compensated for such burden by other Federal payments with respect to the property so acquired. Such amount shall not exceed the amount which, in the judgment of the Commissioner, such agency would have derived in such year, and would have had available for current expenditures, from the property acquired by the United States (such amount to be determined without regard to any improvements or other changes made in or on such property since such acquisition), minus the amount which in his judgment the local educational agency derived from other Federal payments with respect to the property so acquired and had available in such year for current expenditures.

* * * * * * *

Children Residing on, or Whose Parents Are Employed on, Federal Property

CHILDREN OF PERSONS WHO RESIDE AND WORK ON FEDERAL PROPERTY

SEC. 3. (a) For the purpose of computing the amount to which a local educational agency is entitled under this section for any fiscal year ending prior to July 1, [1957] *1958*, the Commissioner shall determine the number of children who were in average daily attendance at the schools of such agency, and for whom such agency provided free public education, during [the preceding] *such* fiscal year, and who, while in attendance at such schools, resided on Federal property and (1) did so with a parent employed on Federal property situated in whole or in part in the same State as the school district of such agency or situated within reasonable commuting distance from the school district of such agency, or (2) had a parent who was on active duty in the uniformed services (as defined in section 102 of the Career Compensation Act of 1949).

CHILDREN OF PERSONS WHO RESIDE OR WORK ON FEDERAL PROPERTY

(b) For such purpose, the Commissioner shall also determine the number of children who were in average daily attendance at the schools of a local educational agency, and for whom such agency provided free public education, during [the preceding] *such* fiscal year [(other than those specified in subsection (a) hereof)] and who, while in attendance at such schools, either resided on Federal property, or resided with a parent employed on Federal property situated in whole or in part in the same State as such agency or situated within reasonable commuting distance from the school district of such agency. *A child of a parent who commenced residing in or near the school district of such an agency while assigned to employment, as a member of the Armed Forces on active duty, on Federal property (situated in whole or in part in the same State as the school district of such agency or within reasonable commuting distance from such school district) and who was subsequently assigned elsewhere on active duty as a member of the Armed Forces, shall continue to be considered as residing with a parent employed on such Federal property for so long as the parent is so assigned elsewhere. If both subsection (a) and this sub-*

section apply to a child, the local educational agency shall elect which of such subsections shall apply to such child.

[(c) (1) The amount to which a local educational agency is entitled under this section for any fiscal year ending prior to July 1, 1957, shall be an amount equal to (A) the local contribution rate (determined under subsection (d)) multiplied by (B) the sum of the number of children determined under subsection (a) and one-half of the number determined under subsection (b), minus 3 per centum of the difference between such sum and the total number of children who were in average daily attendance at the schools of such agency, and for whom such agency provided free public education, during the preceding fiscal year; except that no local educational agency shall be entitled to any payment under this section for any fiscal year unless the sum of the number of children determined under subsection (a) and one-half of the number of children determined under subsection (b) is ten or more. Notwithstanding the foregoing provisions of this paragraph, whenever and to the extent that, in his judgment, exceptional circumstances exist which make such action necessary to avoid inequity and avoid defeating the purposes of this Act, the Commissioner may waive or reduce the 3 per centum deduction, or the requirement of ten or more children, contained in this paragraph, or both.]

(c) (1) The amount to which a local educational agency is entitled under this section for any fiscal year ending prior to July 1, 1958, shall be an amount equal to (A) the local contribution rate (determined under subsection (d)) multiplied by (B) the sum of the number of children determined under subsection (a) and one-half of the number determined under subsection (b).

(2) No local educational agency shall be entitled to receive any payment for a fiscal year with respect to a number of children determined under subsection (a) or subsection (b), as the case may be, unless the number of children who were in average daily attendance during such year and to whom such subsection applies—

(A) is ten or more; and

(B) amounts to 3 per centum or more of the total number of children who were in average daily attendance during such year and for whom such agency provided free public education.

Notwithstanding the provisions of clause (B) of this paragraph, the Commissioner may waive the 3 per centum condition of entitlement contained in such clause whenever, in his judgment, exceptional circumstances exist which would make the application of such condition inequitable and would defeat the purposes of this Act.

(3) Notwithstanding the preceding provisions of this section, where the average daily attendance at the schools of any local educational agency during the fiscal year ending June 30, 1939, exceeded 35,000—

(A) such agency's percentage requirement for eligibility (as set forth in paragraph (2) of this subsection) shall be 6 per centum instead of 3 per centum (and those provisions of such paragraph (2) which relate to the lowering of the percentage requirement shall not apply); and

(B) in determining the number of children under subsection (a) or (b) with respect to whom such agency is entitled to receive payment, the agency shall be entitled to receive payment with respect to only so many of the number of children whose attendance serves as the

basis for eligibility under such subsection, as exceeds 3 per centum of the number of all children in average daily attendance at the schools of such agency during the fiscal year for which payment is to be made.

[(2)] (4) If—

(A) the amount computed under paragraph (1) for a local educational agency for any fiscal year ending prior to July 1, [1957] *1958*, together with the funds available to such agency from State, local, and other Federal sources (including funds available under section 4 of this Act) is, in the judgment of the Commissioner, less than the amount necessary to enable such agency to provide a level of education equivalent to that maintained in the school districts of the State which, in the judgment of the Commissioner, are generally comparable to the school district of such agency;

(B) such agency is, in the judgment of the Commissioner, making a reasonable tax effort and exercising due diligence in availing itself of State and other financial assistance;

(C) not less than 50 per centum of the total number of children who were in average daily attendance at the schools of such agency, and for whom such agency provided free public education, during [the preceding] *such* fiscal year resided on Federal property; and

(D) effective for the fiscal year beginning July 1, 1955, and the [succeeding fiscal year] *two succeeding fiscal years*, the eligibility of such agency under State law for State aid with respect to the free public education of children residing on Federal property, and the amount of such aid, is determined on a basis no less favorable to such agency than the basis used in determining the eligibility of local educational agencies for State aid, and the amount thereof, with respect to the free public education of other children in the State,

the Commissioner may increase the amount computed under paragraph (1) to the extent necessary to enable such agency to provide a level of education equivalent to that maintained in such comparable school districts; except that this paragraph shall in no case operate to increase the amount computed for any fiscal year under paragraph (1) for a local educational agency above the amount determined by the Commissioner to be the cost per pupil of providing a level of education equivalent to that maintained in such comparable school districts, multiplied by the number of children who were in average daily attendance at the schools of such agency, and for whom such agency provided free public education, during [the preceding] *such* year and who resided on Federal property during such [preceding] year, minus the amount of State aid which the Commissioner determines to be available with respect to such children for the year for which the computation is being made.

(5) The determinations whether a local educational agency has met the percentage requirements for eligibility under paragraphs (2), (3), or (4) of this subsection for any fiscal year shall be made on the basis of estimates by the Commissioner made prior to the close of such year, except that an underestimate made by the Commissioner pursuant to the foregoing provisions of this sentence shall not operate to deprive an agency of its entitle-

ment to any payments under this section to which it would be entitled had the estimate been accurate.

LOCAL CONTRIBUTION RATE

(d) The local contribution rate for a local educational agency (other than a local educational agency in Alaska, Hawaii, Puerto Rico, Wake Island, or the Virgin Islands) for any fiscal year shall be computed by the Commissioner of Education, after consultation with the State educational agency and the local educational agency, in the following manner:

(1) he shall determine which school districts within the State are in his judgment [generally] *most nearly* comparable to the school district of the agency for which the computation is being made; and

(2) he shall then divide (A) the aggregate current expenditures, during the second fiscal year preceding the fiscal year for which he is making the computation, which the local educational agencies of such comparable school districts made from revenues derived from local sources, by (B) the aggregate number of children in average daily attendance to whom such agencies provided free public education during such second preceding fiscal year.

The local contribution rate shall be an amount equal to the quotient obtained under clause (2) of this subsection. If, in the judgment of the Commissioner, the current expenditures in those school districts which he has selected under clause (1) are not reasonably comparable because of unusual geographical factors which affect the current expenditures necessary to maintain, in the school district of the local educational agency for which the computation is being made a level of education equivalent to that maintained in such other districts, the Commissioner may increase the local contribution rate for such agency by such amount as he determines will compensate such agency for the increase in current expenditures necessitated by such unusual geographical factors. [In no event shall the local contribution rate for any local educational agency in any State in the continental United States for any fiscal year be less than 50 per centum of (i) the aggregate current expenditures, during the second fiscal year preceding such fiscal year, made by all local educational agencies in such State (without regard to the source of the funds from which such expenditures were made), divided by (ii) the aggregate number of children in average daily attendance to whom such agencies provided free public education during such second preceding fiscal year.] *In no event shall the local contribution rate for any local educational agency in any State in the continental United States for any fiscal year be less than (i) 50 per centum of the average per pupil expenditure in such State or (ii) the national average per pupil local contribution rate but not to exceed the average per pupil expenditure in such State. For purposes of the preceding sentence "average per pupil expenditure in such State" means the aggregate current expenditures, during the second fiscal year preceding the fiscal year for which the computation is made, of all local educational agencies in such State (without regard to the sources of funds from which such expenditures are made), divided by the aggregate number of children in average daily attendance to whom such agencies provided free public education during such second preceding fiscal year; and*

"national average per pupil local contribution rate" means the aggregate amounts to which local educational agencies in the continental United States became entitled under section 3 (c) (1) for such second preceding fiscal year, divided by the aggregate number of children used under section 3 (c) (1) in computing such amounts (counting children under section 3 (b) as one-half those under section 3 (a)). The local contribution rate for any local educational agency in Alaska, Hawaii, Puerto Rico, Wake Island, or the Virgin Islands, shall be determined for any fiscal year by the Commissioner in accordance with policies and principles which will, in his judgment, best effectuate the purposes of this Act and most nearly approximate the policies and principles provided herein for determining local contribution rates in other States.

CERTAIN FEDERAL CONTRIBUTIONS TO BE DEDUCTED

(e) In determining the total amount which a local educational agency is entitled to receive under this section (other than subsection (c) (2) thereof) for a fiscal year, the Commissioner shall deduct (1) such amount as he determines such agency derived from other Federal payments (as defined in section 2 (b) (1)) and had available in such year for current expenditures (but only to the extent such payments are not deducted under the last sentence of section 2 (a); and, in the case of Federal payments representing an allotment to the local educational agency from United States Forestry Reserve funds, Taylor Grazing Act funds, United States Mineral Lease Royalty funds, Migratory Bird Conservation Act funds, or similar funds, only to the extent that children who reside on or with a parent employed on the property with respect to which such funds are paid are included in determining the amount to which such agency is entitled under this section), and (2) such amount as he determines to be the value of transportation and of custodial and other maintenance services furnished such agency by the Federal Government during such year.

ADJUSTMENT FOR CERTAIN DECREASES IN FEDERAL ACTIVITIES

(f) Whenever the Commissioner determines that—

(1) a local educational agency has made preparations to provide during a fiscal year free public education for a certain number of children to whom subsection (a) or (b) applies;

(2) such preparations were in his judgment reasonable in the light of the information available to such agency at the time such preparations were made; and

(3) such number has been substantially reduced by reason of a decrease in or cessation of Federal activities or by reason of a failure of any of such activities to occur

the amount to which such agency is otherwise entitled under this section for such year shall be increased to the amount to which, in the judgment of the Commissioner, such agency would have been entitled but for such decrease in or cessation of Federal activities or the failure of such activities to occur, minus any reduction in current expenditures for such year which the Commissioner determines that such agency has effected, or reasonably should have effected, by reason of such decrease in or cessation of Federal activities or the failure of such activities to occur.

INCREASES HEREAFTER OCCURRING

SEC. 4. (a) If the Commissioner determines for any fiscal year ending prior to July 1, [1957] *1959*—

(1) that, as a direct result of activities of the United States (carried on either directly or through a contractor), an increase in the number of children in average daily attendance at the schools of any local educational agency has occurred in such fiscal year, which increase so resulting from activities of the United States is equal to at least 5 per centum of the difference between the number of children in average daily attendance at the schools of such agency during the preceding fiscal year and the number of such children whose attendance during such year resulted from activities of the United States (including children who resided on Federal property or with a parent employed on Federal property); and

(2) that such activities of the United States have placed on such agency a substantial and continuing financial burden; and

(3) that such agency is making a reasonable tax effort and is exercising due diligence in availing itself of State and other financial assistance but is unable to secure sufficient funds to meet the increased educational costs involved,

then such agency shall be entitled to receive for such fiscal year an amount equal to the product of—

(A) the number of children which the Commissioner determines to be the increase, so resulting from activities of the United States, in such year in average daily attendance; and

(B) the amount which the Commissioner determines to be the current expenditures per child necessary to provide free public education to such additional children during such year, minus the amount which the Commissioner determines to be available from State, local, and Federal sources for such purpose (not counting as available for such purpose either payments under [section 2 of] this Act or funds from local sources necessary to provide free public education to other children).

For the next fiscal year (except where the determination under the preceding sentence has been made with respect to the fiscal year ending June 30, [1957] *1958*) such agency shall be entitled to receive 50 per centum of such product, but not to exceed for such year the amount which the Commissioner determines to be necessary to enable such agency, with the State, local, and other Federal funds available to it for such purpose, to provide a level of education equivalent to that maintained in the school districts in such State which in his judgment are generally comparable to the school district of such agency. The determinations whether an increase has occurred for purposes of clause (1) hereof and whether such increase meets the 5 per centum requirement contained in such clause, for any fiscal year, shall be made on the basis of estimates by the Commissioner made prior to the close of such year, except that an underestimate made by the Commissioner pursuant to the foregoing provisions of this sentence shall not operate to deprive an agency of its entitlement to any payments under this section to which it would be entitled had the estimate been accurate. The determination under clause (B) shall be made by the Commissioner after considering the current expenditures per child

in providing free public education in those school districts in the State which, in the judgment of the Commissioner, are generally comparable to the school district of the local educational agency for which the computation is being made.

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[COUNTING OF CERTAIN CHILDREN

[(c) In determining under subsection (a) whether there has been an increase in attendance in any fiscal year directly resulting from activities of the United States and the number of children with respect to whom payment is to be made for any fiscal year, the Commissioner shall not count children whose attendance is attributable to activities of the United States carried on in connection with real property which has been excluded from the definition of Federal property by the last sentence of paragraph (1) of section 9, but shall count as an increase directly resulting from activities of the United States an increase in the number of children who reside on Federal property or reside with a parent employed on Federal property.]

COUNTING OF CERTAIN CHILDREN

(c) In determining under subsection (a) whether there has been an increase in attendance in any fiscal year directly resulting from activities of the United States and the number of children with respect to whom payment is to be made for any fiscal year, the Commissioner shall not count—

(A) children with respect to whom a local educational agency is, or upon application would be, entitled to receive any payment under section 3 for such fiscal year, and

(B) children whose attendance is attributable to activities of the United States carried on in connection with real property which has been excluded from the definition of Federal property by the last sentence of paragraph (1) of section 9.

METHOD OF MAKING PAYMENTS

APPLICATION

SEC. 5. (a) * * *

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ADJUSTMENTS WHERE NECESSITATED BY APPROPRIATIONS

(c) If the funds appropriated for a fiscal year for making the payments provided in this Act are not sufficient to pay in full the total amounts which the Commissioner estimates all local educational agencies will be entitled to receive under this Act for such year, the Commissioner shall, subject to any limitation contained in the Act appropriating such funds, allocate such funds, other than so much thereof as he estimates to be required for section 6, among sections 2, 3, and 4 (a) in the proportion that the amount he estimates to be required under each such section bears to the total estimated to be required under all such sections. The amount thus allocated to any such section shall be available for payment of a percentage of the amount to which each local educational agency is entitled under such

section (including, in the case of section 3, any increases under [subsection (c) (2)] *subsection (c) (4)* thereof), such percentage to be equal to the percentage which the amount thus allocated to such section is of the amount to which all such agencies are entitled under such section. In case the amount so allocated to a section for a fiscal year exceeds the total to which all local educational agencies are entitled under such sections for such year or in case additional funds become available for carrying out such sections, the excess, or such additional funds, as the case may be, shall be allocated by the Commissioner, among the sections for which the previous allocations are inadequate, on the same basis as is provided above for the initial allocation.

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USE OF OTHER FEDERAL AGENCIES; TRANSFER AND AVAILABILITY OF APPROPRIATIONS

SEC. 8. (a) * * *

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(d) No appropriation to any department or agency of the United States, other than an appropriation to carry out this Act, shall be available during the period beginning July 1, 1953, and ending June 30, [1957] *1958*, for the employment of teaching personnel for the provision of free public education for children in any State or for payments to any local eductional agency (directly or through the State educational agency) for free public education for children, except that nothing in the foregoing provisions of this subsection shall affect the availability of appropriations for the maintenance and operation of school facilities (1) on Federal property under the control of the Atomic Energy Commission or (2) by the Bureau of Indian Affairs, or the availability of appropriations for the making of payments directed to be made by section 91 of the Atomic Energy Community Act of 1955, as amended.

DEFINITIONS

SEC. 9. For the purposes of this Act—

(1) The term "Federal property" means real property which is owned by the United States or is leased by the United States, and which is not subject to taxation by any State or any political subdivision of a State or by the District of Columbia. Such term includes real property which is owned by the United States and leased therefrom and the improvements thereon, even though the lessee's interest, or any improvement on such property, is subject to taxation by a State or a political subdivision of a State or by the District of Columbia. Such term also includes (*A*) real property held in trust by the United States for individual Indians or Indian tribes, and real property held by individual Indians or Indian tribes which is subject to restrictions on alienation imposed by the United States: *Provided*, That for the fiscal year, beginning July 1, 1952, and for each succeeding fiscal year, all land lying within the boundaries of the Boulder Canyon Project Reservation shall be considered Federal property; but this proviso shall not be construed as to interfere with State taxation of leasehold interests: *Provided further*, That any tax collected for school purposes on any leasehold interest within the boundaries of the Boulder City Union School District on and after July

1, 1953, shall be deducted under section 3 (g) of said Act, *(B) for one year following the sale thereof by the United States, any housing property considered prior to such sale to be Federal property for the purposes of this Act, and (C) any school which is providing flight training to members of the Air Force under contractual arrangements with the Department of the Air Force at an airport which is owned by a State or a political subdivision of a State.* Notwithstanding the foregoing provisions of this paragraph, such term does not include (A) any real property used by the United States primarily for the provision of services to the local area in which such property is situated, (B) any real property used for a labor supply center, labor home, or labor camp for migratory farm workers, or (C) any low-rent housing project held under title II of the National Industrial Recovery Act, the Emergency Relief Appropriation Act of 1935, the United States Housing Act of 1937, the Act of June 28, 1940 (Public Law 671 of the Seventy-sixth Congress), or any law amendatory of or supplementary to any of such Acts.

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ELECTION TO RECEIVE CERTAIN PAYMENTS WITH RESPECT TO THE EDUCATION OF INDIAN CHILDREN

SEC. 10. (a) The Governor of any State may elect to have the provisions of this section apply with respect to such State for the fiscal year ending June 30, 1955, or [either of the two] *any of the three* succeeding fiscal years. Notice of such an election shall be filed with the Secretary of the Interior and with the Commissioner of Education before January 1 of the calendar year in which the fiscal year in question begins.

MINORITY REPORT

The legislation before us is legislation continuing a project which was begun prior to the Supreme Court decision of May 17, 1954. While it is my firm and unalterable conviction that all Federal legislation in the language of the Supreme Court itself "must yield to" the new decision, yet I believe on matters involving projects that are not new, a short period of grace would enable all sides to adjust to the new decision. I am not in favor of any Federal legislation which disobeys the Supreme Court edict. I am, therefore, voting "present" on this particular legislation, but desire to state that when this matter does come before the committee and the House of Representatives again within the next 2 years, I will then present an amendment designed to withhold all Federal funds from aiding any school in any impacted area which does not follow the Supreme Court decision of integration in public education. I also will introduce the necessary amendments to appropriation bills for the Department of Health, Education, and Welfare which cover not only this project, but other projects in the field of Federal aid to education. However, inasmuch as the Kelley bill for Federal aid to the construction of schools is a brand new concept in Federal legislation and not a carryover of any other previously passed legislation, I will present the Powell amendment to the Kelley bill or the McConnell substitute if and when they are presented to the House of Representatives for consideration during this session of Congress.

ADAM CLAYTON POWELL, Jr.

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